



Colorado Department  
of Public Health  
and Environment  
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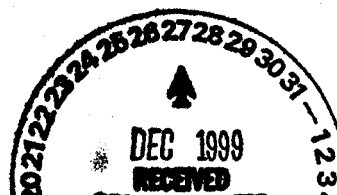
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Gentlemen:

The purpose of this letter is to summarize the results of the Rocky Flats Cleanup Agreement (RFCA) Principals' meetings held during the past two months and to provide direction to the RFCA Project Coordinators to follow up on issues identified below. Exploring these issues is intended to promote clear policy consistent with the goals, purposes, and processes already established in RFCA. It has become clearly evident during these meetings that all of the parties are committed to:

- 1) expedite the closure of the Rocky Flats Environmental Technology Site (Site) by 2006, a goal selected by the Department of Energy (DOE), endorsed by the Colorado Department of Public Health and Environment (CDPHE), and the Environmental Protection Agency (EPA);
- 2) consistent with each agency's statutory responsibilities, provide DOE with sufficient regulatory flexibility to achieve the 2006 closure goal;
- 3) set priorities for clean-up work done at the Site that emphasize reductions in risk and mortgage costs and continue the closure process; and
- 4) continue to ensure public and environmental safety consistent with the Comprehensive Environmental Response Compensation Liability Act, the Resource Conservation Recovery Act, and other relevant statutes.

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ADMIN RECORD

SW-A-003484

Our discussions focused on four key areas of interest, including RFCA milestones, earned value, the schedule for the 903 Pad, and improving management approaches to achieving regulatory compliance. The outcome of these discussions is described below. We expect the RFCA Project Coordinators to follow up on these issues and report back to the RFCA Principals by the dates indicated.

RFCA Milestones: The EPA and the CDPHE will establish a limited number of out-year enforceable regulatory milestones related to site accomplishment of major site activities that are consistent with the applicable provisions in RFCA and based on a 2006 closure baseline plus twelve months. The parties have established the twelve-month "delta" recognizing that the 2006 date is a very aggressive schedule and there is a significant risk that it will not be met. The out-year milestones are based upon early assumptions and projections and are likely to be modified as more accurate data and plans are received. In addition to the out-year milestones, each year the EPA and the CDPHE will continue to set milestones for the execution year and the next two years. These near-term milestones should be crafted in a manner that ensures continued progress and identifies key projects, but that leaves as much flexibility as possible in executing work such that the contractor can maximize efficiency of the closure project. The project coordinators should explore the possible relationships between milestones and the earned value concept, below. The parties agree to finalize by December 20, 1999, the fiscal year 2000 milestone and to agree on a proposal for optimizing use of milestones and earned value by March 30, 2000.

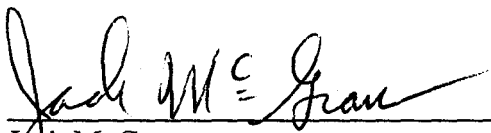
Earned Value: In concept, the regulators will identify from the baseline activities of particular importance. These activities will be based on a 2006 closure schedule. The DOE agrees that failure to achieve the earned value (100 percent completion) of those activities as planned will result in reduction of the Site contractor's fee (profit) potential. This reduction may be offset or negated in its entirety if the contractor achieves the earned value ahead of schedule for other activities of particular regulatory importance. The DOE and the regulators will develop the mechanics and specifics of earned value achievement and the regulators' role in application of the earned value principle to the Site's closure contract by March 30, 2000.

Timing of Environmental Restoration Activities and Remediation of the 903 Pad: To address the EPA's and the CDPHE's concerns about the large scope of environmental restoration work currently scheduled for the final two years of the project, the parties agree to pursue a proposal for the EPA to assume responsibility for 903 Pad remediation. If this proposal is adopted, the DOE agrees to provide funding to the EPA for the remediation. The parties believe that any such remediation project assumed by the EPA should begin in fiscal year 2002. The parties will define the regulatory, site support, and contractual framework of this proposal by June 30, 2000. In the event 903 Pad remediation is not assumed by the EPA, 903 Pad remediation by the Site contractor will begin in fiscal year 2003, with completion in fiscal year 2005.

Regulatory Flexibility: The parties commit to working together to identify management efficiencies that can be implemented to reduce regulatory burdens and administrative paperwork. A report will be made to the RFCA principals in a meeting to be scheduled for the third quarter of fiscal year 2000.

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The parties are committed to continuing a good faith dialogue aimed at enhancing Site closure. The understandings reached have the potential to expedite the safe, complete, and accelerated closure of the Site by 2006, allow the DOE the flexibility to pursue dynamic and aggressive strategies, maintain the authorities and responsibilities of the regulators, and ensure that the sequencing of the clean-up work is consistent with community needs and values. The parties intend to further develop and implement these understandings in good faith. Implementation is on a trial basis, and the parties intend to evaluate their effectiveness. If these proposals do not meet the parties' needs, the parties will meet to discuss alternative measures.



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cc:

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